GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2607
ANSWERED ON:16.12.2004
FALL IN PRICES OF CRUDE OILS
Gehlot Shri Thaawar Chand

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the steps taken by the Government to safeguard the domestic market from the effects of continuous rise and fall in the prices of crude oil in the world market;

(b) the oil pool deficit during the last three years;

(c) whether the Government have made commercial agreements with the oil producing countries in this regard;

(d) if so, the contents of the agreements; and

(e) if not, the steps to be taken by the Government to check the oil prices?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (e): The Government/Oil PSUs have taken the following measures to contain the impact of international prices on the domestic consumer prices of petrol, diesel, PDS kerosene and domestic LPG:

(i) The Government reduced excise duties on petrol, diesel and domestic LPG by 4%, 3% and 8% respectively effective 16.6.2004. Later, effective 19.8.2004, the excise duties on petrol, diesel and PDS Kerosene were reduced by 3%, 3% and 4% respectively. Also, effective 19.8.2004, customs duties on petrol, diesel, PDS Kerosene and Domestic LPG were reduced by 5% each.

(ii) PDS kerosene and domestic LPG are subsidized products. In addition to the Government subsidy, oil PSUs have been sharing the burden by not passing the full increase in international prices onto the domestic consumer prices of these products. The oil PSUs have also had under-recoveries on account of non-revision in the prices of petrol and diesel in line with the international prices during the current year.

The oil pool accounts have been wound up effective 1.4.2002 with the announcement of dismantling of Administered Pricing Mechanism in the Petroleum Sector.

Crude oil is purchased by the oil companies on term contract basis and spot basis from international markets. There are no Government − level commercial agreements in this regard.